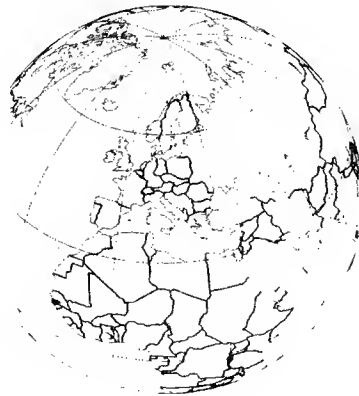

Memorandum for:

The attached was prepared for Martha Goodwin, Special Assistant to Wynn James, Executive Director, DOE, in response to questions asked at a briefing.

EUR M83-10272

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EURA

Office of European Analysis
Directorate of Intelligence

EUR M 83-10272

28 November 1983

MEMORANDUM

Response to Department of Energy Questions
on Turkey's Oil Imports1. What is Turkey's present level of oil stocks?

According to the IEA, as of 1 April 1983, Turkey had 57 days (at 1980-82 import levels) worth of petroleum and petroleum products in reserve. We do not have any later data, but with oil imports at normal levels we doubt that the figure has changed significantly.

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25X1

2. Are lower than prudent stocks the result of:

- (a) a real inability to buy oil now, or
- (b) an unwillingness to do so?

The relatively low level of stocks probably reflects Ankara's unwillingness to spend the foreign exchange necessary to maintain a 90 day stock. Ankara probably could import more oil this year. Most forecasts show Turkey increasing its foreign exchange reserves in 1983. Debt servicing will increase in 1984-85, however, and Ankara probably is trying to prepare to meet this increase. []

25X1

3. Would Turkey be able to pay higher world crude prices in the event of a Persian Gulf interruption?

Turkey would have great difficulty with a large oil price hike -- one of the few things that could throw the economic recovery off track. Oil accounts for a large share of imports -- about 36 percent, and there is little margin for reducing oil consumption. Also, the balance-of-payments will be tight for at least the next two to three years. []

25X1

4. What steps are being taken by the US or other nations to shore up Turkey's ability to buy oil?

Turkey currently is receiving no direct financial help to buy oil, although it still benefits from large aid inflows designed to promote economic recovery and finance the balance-of-payments deficit. []

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5. How much money would be needed to provide the minimum oil supply level per day?

Turkey this year will consume around 16.5 million metric tons of crude oil, of which 14 million metric tons will be imported -- at a daily cost of around \$8 million. We think the current import figure is close to the minimum supply level. Because industry directly or indirectly accounts for such a large share of oil consumption, even a modest cutback would inevitably begin to disrupt production.

25X1

6. What is the meaning of Iran's President statement last week that Iran won't attack the Iraq/Turkey pipeline "out of consideration for Turkey"?

We believe Iran's reluctance to attack the Iraq/Turkey pipeline reflects Tehran's desire to maintain and improve economic relations with Turkey. Trade between the two countries has boomed. Turkey has exported over \$1 billion worth of goods and services to Iran in 1983 -- nearly 10 percent of Iran's imports. Iran also has become one of Turkey's principal suppliers of crude.

25X1

7. Does Iran export oil to Turkey? How much?

Iran exported slightly over 3 million metric tons of crude to Turkey in 1982 and will export about 5 million metric tons in 1983 at a cost of \$1 billion, according to an April statement by an official of Turkey's National Petroleum Company (TPAO). Iran had exported over 3 million metric tons of oil as of August 1983.

25X1

8. Does "out of consideration for Turkey" refer to the Turkish Kurds?

We doubt that the Turkish Kurds are more than a minor consideration in Tehran's thinking about Turkey. Iran's main interests are to maintain its economic ties with Turkey and to prevent Turkey from increasing its support for Iraq.

25X1